

***BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche
State of Louisiana
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014***

BAYOU BLUE FIRE PROTECTION DISTRICT
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2014

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS	<u>Page</u> 1
 FINANCIAL SECTION	
Independent Auditor's Report	7
Basic Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet – Governmental Fund –General Fund	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund – General Fund	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund to the Statement of Activities	14
Notes to the Financial Statements	15
 REQUIRED SUPPLEMENTAL INFORMATION	
Budget Comparison Schedule – General Fund	25
 OTHER INFORMATION	
Schedule of Compensation, Benefits and Other Payments to Agency Head	26
 REPORTS REQUIRED ACCORDING TO GOVERNMENT AUDITING STANDARDS	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	27
SCHEDULE OF CURRENT YEAR FINDINGS	29

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

This discussion and analysis of the Bayou Blue Fire Protection District's financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2014. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- The net position increased as a result of this year's operations. Net position of our governmental activities increased by \$189,668, or 11%. As a result of this year's operations assets exceeded liabilities by \$1,679,113 (net position).
- During the year, expenses were \$235,455 more than the \$30,111 generated in program revenues for governmental programs. General revenues of \$425,123 added to the program revenues made up the shortfall to end the year with revenue exceeding expenditures totaling \$189,668. This compares to last year when revenues exceeded expenses by \$183,979.
- Program expenses decreased by \$7,128 or about 3%.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues, governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, business-type activities.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws.

The Bayou Blue Fire Protection District utilizes the governmental type of fund with the following accounting approach. All of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

Net position increased from \$1,489,445 to \$1,679,113, or about 11%. In comparison, last year net position decreased by \$183,979 or about 12%. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—absorbed most of the increase this year. The balance in net position represents the accumulated results of all past years' operations. Our analysis below focuses on the net position and changes in net position of the governmental-type activities.

Condensed Statement of Net Position

	FY 2013	FY 2014	Dollar Change	Percent Change
Current and Other Assets	\$1,356,081	\$1,527,904	\$ 171,823	11.2%
Capital Assets	762,395	944,906	182,511	19.3%
Total Assets	2,118,476	2,472,810	354,334	14.3%
Current Liabilities	2,054	217,994	215,940	-100.0%
Long Term Debt	203,481	138,135	(65,346)	-47.3%
Total Liabilities	205,535	356,129	150,594	42.3%
Deferred Inflows	423,496	437,568	14,072	3.2%
Net Invested in Capital Assets	558,914	806,771	247,857	30.7%
Unrestricted	930,531	872,342	(58,189)	-6.7%
Total Net Position	\$1,489,445	\$1,679,113	\$ 189,668	11.3%

Program revenues for the governmental activities decreased in the current year, while expenses also decreased by approximately 3 percent (\$7,128).

Condensed Statement of Activities

	FY 2013	FY 2014	Dollar Change	Percent Change
Total program expenses	\$ (272,694)	\$ (265,566)	\$ (7,128)	-2.7%
Total program revenues	30,395	30,111	(284)	-0.9%
Net program income	(242,299)	(235,455)	6,844	-2.9%
General revenues	426,278	425,123	(1,155)	-0.3%
Change in Net Position	183,979	189,668	(5,689)	-3.0%
Net Position:				
Beginning of the year	1,305,466	1,489,445	183,979	12.4%
End of the year	\$ 1,489,445	\$ 1,679,113	\$ 189,668	11.3%

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The Bayou Blue Fire Protection District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The General Fund reported total fund balance of \$873,534. This reflects an decrease of \$58,753 or 6% from last year. The Board has committed \$283,445 to stabilize the budget for one year of operating costs, \$75,000 for the capital reserve.

Total revenues for governmental funds were \$455,234, a slight decrease from the prior year. Current expenditures for governmental activities were \$137,944, a slight increase from prior year (\$123,003). Capital expenditures for the year were \$281,326 and debt service expenditures were \$72,977.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was revised during the year. Authorized budget amendments were approved as follows:

Original Budgeted Revenues	\$451,225
Amendments were made for:	
Increased Intergovernmental revenue	2,300
Increased Interest/Miscellaneous	475
Total revenue amendments	2,775
Amended Budgeted Revenues	\$454,000

Original Budgeted Expenditures	\$741,000
Amendments were made for:	
Increased general government	2,215
Decreased current expenditures	(35,645)
Decreased Capital Outlay	(16,100)
Total expenditure amendments	(49,530)
Amended Budgeted Expenditures	\$691,470

The District was in compliance with the State Budget Laws.

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

CAPITAL ASSETS

Capital assets, net of accumulated depreciation of \$929,079, for governmental activities at year-end were \$944,906. This year there was \$281,326 of additions to capital assets and no deletions. Depreciation of \$98,815 was recorded on capital assets. More detailed information about the capital assets is presented in Note 5 to the financial statements.

DEBT

At year-end, the Bayou Blue Fire Protection District had a principal balance on a long term debt to be repaid of \$138,135.

The District entered into a capital lease agreement for financing the acquisition of another fire truck in 2010. The lease agreements qualify as capital leases; therefore, was recorded at the present value of the future minimum lease payments as of the date of their inception as a capital asset in the amount of \$459,528. Annual payments are due on March 25th of each year. The interest rate on the amount financed is 3.75% per annum.

During the year payments of \$65,346 of principal and \$7,631 of interest were applied to the prior year balance. More detailed information about the capital lease is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of next year's General Fund budget include:

	FY 2015
Anticipated revenues	\$465,500
Expenditures:	
Current – public safety	185,325
Debt service	73,200
Capital outlay	432,000
Anticipated expenditures	690,525
Excess of expenditures	(225,025)
Fund Balance:	
Beginning of the year	582,062
End of the year	\$357,037

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

The Board has also reserved \$283,445 for budget stabilization funds and \$75,000 for capital asset purchases to be used in the 2015 fiscal year.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Bayou Blue Fire Protection District's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Mr. John Culhane, Chairman
Bayou Blue Fire Protection District
1870 Bayou Blue Road
Houma, LA 70364

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Bayou Blue Fire Protection District
Houma, LA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bayou Blue Fire Protection District, a component unit of Lafourche Parish Council, as of and for the year ended December 31, 2014, and the notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Statements*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund as of December 31, 2014 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 27, 2015, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, Louisiana
March 27, 2015



BAYOU BLUE FIRE PROTECTION DISTRICT

Statement of Net Position

December 31, 2014

ASSETS

Cash	\$ 274,885
Investments	798,956
Ad valorem taxes receivable	78,335
Due from other governments	346,593
Miscellaneous receivables	1,431
Prepaid Insurance	12,704
Deposits	15,000
Capital Assets, net of accumulated depreciation	944,906
TOTAL ASSETS	<u>2,472,810</u>

LIABILITIES

Accounts payable	216,802
Interest payable	1,192
Long term liabilities:	
Due in one year	67,796
Due in more than one year	70,339
TOTAL LIABILITIES	<u>356,129</u>

DEFERRED INFLOWS OF RESOURCES

Deferred revenue - ad valorem taxes	<u>437,568</u>
-------------------------------------	----------------

NET POSITION

Net Invested in capital assets	806,771
Unrestricted	872,342
TOTAL NET POSITION	<u>\$ 1,679,113</u>

See notes to financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT

Statement of Activities - Governmental Activities
For the Year Ended December 31, 2014

FUNCTIONS/PROGRAMS	Program Revenue			Net Revenue (Expense)
	Expenses	Charges for services	Operating Grants	
Public safety activities:	\$ 265,566	\$ 30,111	\$ -	\$ (235,455)
Total governmental activities	<u>\$ 265,566</u>	<u>\$ 30,111</u>	<u>\$ -</u>	<u>(235,455)</u>
GENERAL REVENUES				
Ad valorem taxes				410,658
State revenue sharing				12,524
Interest earned				<u>1,941</u>
TOTAL GENERAL REVENUES				425,123
CHANGE IN NET POSITION				189,668
NET POSITION:				
		Beginning of year		<u>1,489,445</u>
		End of year		<u><u>\$ 1,679,113</u></u>

See notes to the financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICTBalance Sheet - Governmental Fund - General Fund
December 31, 2014**ASSETS**

Cash	\$ 274,885
Investments	798,956
Ad Valorem taxes receivable:	
Terrebonne Parish	43,560
Lafourche Parish	34,775
Due from tax collector:	
Terrebonne Parish	137,226
Lafourche Parish	201,173
Due from State of Louisiana	
Terrebonne Parish	3,361
Lafourche Parish	4,833
Prepaid Insurance	12,704
Deposits	15,000
Miscellaneous	1,431
TOTAL ASSETS	<u>\$ 1,527,904</u>

LIABILITIES AND EQUITY

Accounts payable	\$ 216,802
Deferred revenue:	
Terrebonne Parish	196,297
Lafourche Parish	241,271
TOTAL LIABILITIES	<u>654,370</u>

FUND BALANCE

Committed for:	
Budget stabilization - 1 year of operating costs	283,445
Reserve for capital	75,000
Unassigned	515,089
TOTAL FUND BALANCE	<u>873,534</u>

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL
ACTIVITIES ON THE STATEMENT OF NET POSITION:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Add - Capital Assets	1,873,985	
Deduct - Accumulated Depreciation	<u>(929,079)</u>	944,906

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - Accrued Interest on Bonds Payable	(1,192)	
Deduct - Long-term debt due within one year	(67,796)	
Deduct - Long-term debt due in more than one year	<u>(70,339)</u>	(139,327)

Net assets of governmental activities	<u>\$ 1,679,113</u>
---------------------------------------	---------------------

See notes to financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund - General Fund
For the Year Ended December 31, 2014

REVENUES

Ad Valorem Taxes	
Terrebonne Parish	\$ 186,356
Lafourche Parish	224,302
Intergovernmental:	
State Revenue Sharing	
Terrebonne	5,228
Lafourche	7,296
Fire Insurance Tax	30,111
Interest	1,941
Miscellaneous	0
TOTAL REVENUES	<u>455,234</u>

EXPENDITURES

General government - current:	
Ad valorem tax deductions	13,659
Ad valorem tax adjustments	8,081
	<u>21,740</u>
Public safety - current:	
Office supplies	1,621
Gasoline/Diesel/Oil	7,769
Operating supplies	8,878
Firefighter Turnout Gear	0
2% Fire Ins Reb Exp (Uniforms)	250
Utilities	4,763
Telephone	3,598
Insurance	31,914
Professional & Other Fees	18,109
Membership dues	80
Travel & Training	3,023
Community relations	3,718
E-911 Fire Dispatch Services	11,261
Building Repairs & Maintenance	5,851
Communication Equipment Repairs	717
Truck Repairs & Maintenance	28,738
Equipment Repairs & Maintenance	7,654
Total public safety - current	<u>137,944</u>
Debt Service:	
Principal retirement	65,346
Interest and fiscal charges	7,631
Total debt service	<u>72,977</u>
Capital expenditures	<u>281,326</u>
TOTAL EXPENDITURES	<u>513,987</u>
NET CHANGE IN FUND BALANCE	<u>(58,753)</u>
FUND BALANCE	
Beginning of year	932,287
End of year	<u><u>\$873,534</u></u>

See notes to financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2014

Net change in fund balances \$ (58,753)

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - Capital outlay	281,326	
Deduct - Depreciation expense	<u>(98,815)</u>	182,511

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds.

Add - Principal payment on long-term debt	65,346
---	--------

Accrued interest expense on debt and the amortization of bond issuance costs, are not recorded by governmental funds, but are reported under interest and fiscal changes for purposes of net assets.

Add - Decrease in accrual for Interest Payable	564
Change in net assets - governmental activities	<u><u>\$ 189,668</u></u>

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2014

INTRODUCTION

The Bayou Blue Fire Protection District (the District) encompasses all of the territory within the previously described boundaries of the Lafourche Parish Fire Protection District No. 5 and the Bayou Blue Fire Protection District, now named the "Bayou Blue Fire Protection District of the Parishes of Terrebonne and Lafourche". In accordance with the provisions of R.S. 40:1496(H), the Board of Commissioners are comprised of seven (7) resident property taxpayers of the District, three of which are electors and residents of said District from Terrebonne Parish and four of which are residents of said District from Lafourche Parish. Each term of office is for a length of two (2) years.

Note 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Basis of Presentation

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

As the governing authority, the Lafourche Parish Government is the financial reporting entity for Lafourche Parish. Because the Lafourche Parish Government could by definition in statute be financially burdened by the Bayou Blue Fire Protection District, the District was determined to be a component unit of the Lafourche Parish Government. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Lafourche Parish Government, the general government services provided by that governmental unit, or any other governmental reporting entity.

The accompanying financial statements will be included in the comprehensive annual financial report (CAFR) of the Lafourche Parish Government for the year ending December 31, 2014.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2014

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Fund Accounting

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are as follows:

Governmental Fund Type

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance.

In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the governmental funds:

- General Fund - The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds.

D. Measurement Focus / Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2014

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Measurement Focus / Basis of Accounting (continued)

Fund Financial Statements (FFS) (continued)

Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

- **Revenues** – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2013 property taxes which were levied to finance the 2014 budget are recognized as revenue in 2014. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.
- **Expenditures** – The major expenditures current public safety supplies, insurance and audit and accounting fees are recorded when payable or when the fees are incurred.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2014

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Measurement Focus / Basis of Accounting (continued)

Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of Section N50.

- **Program Revenues** - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Operating Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District's General Fund. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district amended its budget for the year ended December 31, 2014 as required. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

G. Cash and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2014

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

G. Cash and Investments (continued)

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

H. Receivables

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

I. Capital Assets

Capital assets are recorded at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets are recorded in the GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

CATEGORY	LIFE
BUILDINGS	40 YEARS
TRUCKS	20 YEARS
MACHINERY & EQUIPMENT	5 YEARS

J. Fund Equity

For government-wide financial statements net assets are classified and displayed in three components:

1. Net invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2014

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

K. Fund Equity (continued)

2. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “net invested in capital assets.”

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board through approval in minutes. Assigned fund balances is a limitation imposed by a designee of the Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Note 2 DEPOSITS AND INVESTMENTS

Deposit balances at year end are as follows:

	Per Bank	Reported
Cash	\$282,488	\$274,885
Certificates of Deposit	227,355	227,355
Totals	\$509,843	\$502,240

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2014

Note 2 DEPOSITS AND INVESTMENTS (continued)

State law requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the District or with an unaffiliated bank or trust company for the account of the Bayou Blue Fire Protection District.

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. At year end none of the bank balance was exposed to custodial credit risk.

Investments:

Investment balances and maturities at year end are as follows:

Investment Type	As Reported	Fair Value	Maturity
Certificates of Deposit	\$227,355	\$227,355	
Louisiana Asset Management Pool (LAMP)	571,601	571,601	Less than one year
Totals	\$798,956	\$798,956	

Interest rate risk inherent in the portfolio is measured by monitoring the segmented time distribution of the investments in the portfolio. For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission. LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2014

Note 2 **DEPOSITS AND INVESTMENTS (continued)**

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or back by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days.

The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost, which approximates fair value. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Note 3 **AD VALOREM TAXES**

As provided by R.S. 40:1492(C) the existing ad valorem millage rate levied in the District were extended to the expanded area encompassed and described in the Parishes of Terrebonne and Lafourche as provided by said statutory provision.

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in both Parishes. Assessed values are established by the Terrebonne and Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years.

The last reevaluation was completed for the list of January 1, 2012. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2013 on which the 2014 assessment was \$10 per \$1,000 of assessed valuation on property within Bayou Blue Fire Protection District (in both Terrebonne and Lafourche Parishes) for the purpose of acquiring, constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes, including fire hydrant rentals and service.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2014

Note 4 COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 2014.

Note 5 CAPITAL ASSETS

Information about capital assets and depreciation for the year are summarized as follows:

	Beginning Balance	Additions	Deletions & Adjustments	Ending Balance
DEPRECIABLE ASSETS:				
Stations & Improvements	\$29,891	\$15,386		\$45,277
Machinery & Equipment	267,354	234,448		501,802
Vehicles	1,295,414	31,492		1,326,906
Total Cost of depreciable assets	1,592,659	281,326		1,873,985
ACCUMULATED DEPRECIATION:				
Stations & Improvements	2,242	1,004		3,246
Machinery & Equipment	146,571	26,275		172,846
Vehicles	681,451	71,536		752,987
Total accumulated depreciation	830,264	98,815		929,079
Net depreciable assets	\$762,395			\$944,906

Depreciation Expense of \$98,815 was recorded in the governmental activities.

NOTE 6 CAPITAL LEASE OBLIGATIONS

The following is a summary of changes in debt outstanding as of December 31, 2014:

	Balance 12/31/13	Additions	Payments	Balance 12/31/14
Capital leases	\$203,481	\$ -	\$65,346	\$138,135

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2014

NOTE 6 CAPITAL LEASE OBLIGATIONS (continued)

The District entered into a capital lease agreement for financing the acquisition of another fire truck in 2010. The lease agreements qualify as capital leases; therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception as a capital asset in the amount of \$459,528. Annual payments are due on March 25th of each year. The interest rate on the amount financed is 3.75% per annum.

The following is a schedule of future minimum lease payments under the capital lease agreements and the present value of the net minimum lease payments:

Year	Principal	Interest	Total
2015	67,796	5,180	72,977
2016	70,339	2,638	72,977
Totals	\$138,135	\$7,818	\$145,954

Note 7 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. To protect against these risks, the District has purchased commercial or other insurance for the losses to which it is exposed and also participates in the Parish's risk management program for auto liability. The District's premiums for auto liability are based on claims experience, vehicle type and mileage. The Parish handles all claims filed against the District.

***REQUIRED SUPPLEMENTAL
INFORMATION***

BAYOU BLUE FIRE PROTECTION DISTRICT

Budget Comparison Schedule - General Fund
For the Year Ended December 31, 2014

	Budgets			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes:				
Terrebonne Parish	\$ 185,000	\$ 186,000	\$ 186,356	\$ 356
Lafourche Parish	225,000	224,000	224,302	302
Intergovernmental:				
State Revenue Sharing:				
Terrebonne Parish	5,000	5,000	5,228	228
Lafourche Parish	7,000	7,300	7,296	(4)
Fire Insurance Tax	28,000	30,000	30,111	111
Interest	1,200	1,700	1,941	241
Miscellaneous	25	-	-	-
TOTAL REVENUES	451,225	454,000	455,234	1,234
EXPENDITURES				
General government - current:				
Ad valorem tax deductions	14,300	13,600	13,659	(59)
Ad valorem tax adjustments	5,050	7,965	8,081	(116)
Total general government - current	19,350	21,565	21,740	(175)
Public safety - current:				
Office supplies	1,200	1,800	1,621	179
Gasoline/Diesel/Oil	9,000	7,000	7,769	(769)
Operating supplies	6,350	4,950	8,878	(3,928)
Fire Hose Purchases	2,000	3,000	-	3,000
Firefighter Turnout Gear	6,500	2,500	-	2,500
2% Fire Ins Reb Exp (Uniforms)	3,000	750	250	500
Utilities	5,700	4,700	4,763	(63)
Telephone	4,500	4,200	3,598	602
Insurance	33,600	32,825	31,914	911
Professional Fees	22,800	18,580	18,109	471
Membership dues	400	100	80	20
Travel & Training	5,500	3,200	3,023	177
Community relations	3,500	3,800	3,718	82
E-911 Fire Dispatch Services	11,200	11,200	11,261	(61)
Building Repairs & Maintenance	3,300	7,000	5,851	1,149
Communication Equipment Repairs	3,300	600	717	(117)
Truck Repairs & Maintenance	45,000	25,000	28,738	(3,738)
Equipment Repairs & Maintenance	9,500	9,500	7,654	1,846
Total public safety - current	176,350	140,705	137,944	2,761
Capital expenditures	472,000	455,900	281,326	174,574
Debt Service:				
Principal retirement	65,500	65,500	65,346	154
Interest and fiscal charges	7,800	7,800	7,631	169
Total debt service	73,300	73,300	72,977	323
TOTAL EXPENDITURES	741,000	691,470	513,987	177,483
NET CHANGE IN FUND BALANCE	(289,775)	(237,470)	(58,753)	178,717
FUND BALANCES				
Beginning of year	932,285	932,287	932,287	-
End of year	\$642,510	\$694,817	\$873,534	\$178,717

OTHER INFORMATION

BAYOU BLUE FIRE PROTECTION DISTRICT
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2014

Agency Head Name: Mr. John Culhane, Chairman

Purpose	Amount
Salary	\$0
Benefits-insurance	\$0
Benefits-retirement	\$0
Deferred compensation (contributions made by the agency)	\$0
Benefits-other (describe)	\$0
Car allowance	\$0
Vehicle provided by government (enter amount reported on W-2 adjusted for various fiscal years)	\$0
Cell phone	\$0
Dues	\$0
Vehicle rental	\$0
Per diem	\$0
Reimbursements	\$0
Travel	\$0
Registration fees	\$0
Conference travel	\$0
Housing	\$0
Unvouchered expenses (expample: travel advances, etc.)	\$0
Special meals	\$0
Other (including payments made by other parties on behalf of the agency head)	\$0

This form is used to satisfy the reporting requirement of Act 706 of the 2014 Regular Legislative Session of the Louisiana Legislature.

***REPORTS REQUIRED BY GOVERNMENT
AUDITING STANDARDS***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Commissioners of
Bayou Blue Fire Protection District
Houma, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Bayou Blue Fire Protection District, a component unit of Lafourche Parish Government as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated March 27, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

March 27, 2015
Thibodaux, Louisiana



**Bayou Blue Fire Protection District
Of the Parishes of Terrebonne and Lafourche
SCHEDULE OF CURRENT YEAR FINDINGS
For the Year Ended December 31, 2014**

We have audited the financial statements of Bayou Blue Fire Protection District, a component unit of Lafourche Parish Government, as of and for the year ended December 31, 2014, and have issued our report thereon dated March 27, 2015. We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The independent auditor's opinion on the basic financial statements was unqualified.

Section I - Summary of Auditor's Reports

- The auditor's report expresses an unqualified opinion on the basic financial statements.
- No deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
- No instances of noncompliance or other matters under *Government Auditing Standards* were disclosed during the audit of the financial statements.
- No instances of noncompliance under the provisions of Louisiana Governmental Audit Guide were disclosed during the audit of the basic financial statements.
- The District neither received nor expended any federal awards during the year.
- There was no management letter issued in connection with this report.

Section II - Financial Statement Findings

- There were no financial statement findings during the audit of the basic financial statements.

Section III - Federal Award Findings and Questioned Costs

- There were no federal award findings during the audit of the basic financial statements.

